

## **ARTICLE 13. LAND VALUATION**

### **Rule 1. Applicability**

#### **50 IAC 13-1-1 Exceptions**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1

Sec. 1. (a) This article does not apply to:

- (1) land assessed as land devoted to agricultural use under IC 6-1.1-4-13;
- (2) land classified as forest land under IC 6-1.1-6;
- (3) land classified as a windbreak under IC 6-1.1-6.2;
- (4) land classified as wildlife habitat or riparian under IC 6-1.1-6.5;
- (5) land classified as a filter strip under IC 6-1.1-6.7.

(b) This article does not affect the application of 50 IAC 2.2-5.

(c) The provisions of this article do not supercede, but are supplemental to, the provisions of 50 IAC 2.2-4-1 and 50 IAC 2.2-4-5 through 50 IAC 2.2-4-19. (*Department of Local Government Finance; 50 IAC 13-1-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3694*)

### **Rule 2. Representative Parcels**

#### **50 IAC 13-2-1 Land value determination justification**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4; IC 6-1.1-5.5

Sec. 1. (a) The township assessor must select a representative number of sales disclosure statements filed under IC 6-1.1-5.5 or written estimations of a property value provided by a qualified real estate professional that are based on relevant sales data to justify the land value determination for each neighborhood. All sales disclosure statements must be verified by:

- (1) a visual inspection of the subject property; and
- (2) reasonable attempt to determine that the transaction was negotiated as an arm's-length transaction.

All sales disclosure statements selected must be adjusted to exclude the value of any personal property of significant value that was included in the disclosed sales price. All sales disclosure statements selected involving property that is not typical of the neighborhood must be adjusted to negate the affect the atypical aspects of the property have on the disclosed sales price.

(b) For the purposes of this section, a "representative number" shall mean a number that is no less than three percent (3%) of the total number of parcels within the neighborhood established under 50 IAC 13-4 unless the township assessor submits written findings to the property tax assessment board of appeals that support the township assessor's determination that:

- (1) a lesser percentage is truly representative of values in the neighborhood; or
- (2) disclosure statements from a substantially similar neighborhood are truly representative of values in the neighborhood.

(c) Township assessors should select disclosure statements or estimations of value that, based on all relevant facts and evaluation of the neighborhood as a whole, fairly represent the value of property in the neighborhood. (*Department of Local Government Finance; 50 IAC 13-2-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3694*)

#### **50 IAC 13-2-2 Representative disclosure statements**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 2. Representative disclosure statements selected for use under section 1 of this rule must refer to a transaction, or estimations of value must refer to an estimation of value, that is dated no more than eighteen (18) months prior or subsequent to January 1 of the year that preceded the commencement of the general reassessment by two (2) years. Valuation adjustments may be made based on the date of the disclosure statement or estimations of value. Valuation adjustments should be made as is necessary to approximate the value of the subject land in the year that preceded the commencement of the general reassessment by two (2) years. (*Department of Local Government Finance; 50 IAC 13-2-2; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

**Rule 3. Land Value Ratio**

**50 IAC 13-3-1 Determining land value ratio**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 1. (a) The township assessor must determine an appropriate land value ratio to be applied to sales disclosure statements or estimations of value of improved properties. This ratio must take into account factors that are critical to determination of the value of the land. The ratio and factors must be included as part of the land value determination submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6(a) and presented at the public hearing held under IC 6-1.1-4-13.6(a). The factors should include, but not be limited to, such factors as:

- (1) unimproved lot sale prices designated by property developers;
- (2) the desirability due to physical features, such as waterfront property or wooded lots;
- (3) the desirability of the location due to external features, such as school district or proximity to commercial developments; and
- (4) consideration of the replacement cost of the improvement.

(b) A proposed land value ratio under subsection (a) must be adopted by the township assessor prior to the commencement of the next general reassessment. (*Department of Local Government Finance; 50 IAC 13-3-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

**Rule 4. Neighborhoods**

**50 IAC 13-4-1 Neighborhood defined by township assessors**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 1. (a) All property within a township must be established as part of a neighborhood defined by the township assessor under subsection (b).

(b) A township assessor shall define neighborhoods according to:

- (1) common development characteristics;
- (2) the average age of the majority of improvements;
- (3) the size of lots or tracts;
- (4) subdivision plats and zoning maps;
- (5) school and other taxing district boundaries;
- (6) distinctive geographic boundaries;
- (7) any manmade improvements that significantly disrupt the cohesion of adjacent properties;
- (8) sales statistics; and
- (9) other characteristics deemed appropriate to assure equitable determinations.

(c) The neighborhoods defined under subsection (a) must be established by the township assessor prior to the commencement of the next general reassessment. (*Department of Local Government Finance; 50 IAC 13-4-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

**50 IAC 13-4-2 Maps**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 2. (a) All neighborhoods defined in section 1 of this rule must be identified on easily read maps. The maps must be numerically organized, clearly delineate the neighborhood boundary, show the neighborhood base rate established under 50 IAC 13-5 and the code number required under subsection (b). All neighborhoods shall be assigned a code number for identification. A

copy of the maps shall be provided to the secretary of the property tax assessment board of appeals.

(b) All property record cards must give the:

- (1) number of the map on which the neighborhood that includes the subject property is shown;
- (2) neighborhood code number; and
- (3) applicable base rate.

*(Department of Local Government Finance; 50 IAC 13-4-2; filed May 29, 1998, 11:59 a.m.: 21 IR 3695)*

## **Rule 5. Base Rates and Base Lots**

### **50 IAC 13-5-1 Base rates established by the townships**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 5-3-1; IC 6-1.1-4

Sec. 1. (a) The township shall establish a base rate for pricing each neighborhood. Base rates should include a specifically stated value for water supply, sewage disposal, and all other on-site development costs as required by 50 IAC *[this title]*. Neighborhoods shall be classified according to majority use as residential, agricultural homesite, commercial, or industrial. The township shall also establish a base lot to represent the typical and average characteristics of lots in the neighborhood for the purpose of making pricing adjustments.

(b) Proposed base rates and base lot values must be established by the township assessor, in accordance with subsection (a), no less than twelve (12) months prior to the date that final determinations must be submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6.

(c) No less than twelve (12) months prior to the date that final determinations must be submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6, the proposed base rates and base lot values established under subsection (b) for all neighborhoods located in part on the exterior boundary of the township must be:

- (1) published in accordance with IC 5-3-1; and
- (2) sent by certified mail to the county property tax board of appeals and the county property tax board of appeals of any county which the township borders.

*(Department of Local Government Finance; 50 IAC 13-5-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3696)*

### **50 IAC 13-5-2 Maximum allowable percentage variance**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 5-3-1; IC 6-1.1-4

Sec. 2. (a) The township shall establish a maximum allowable percentage variance between the base lot value for neighborhoods having the same classification and substantially similar characteristics. The maximum allowable percentage variance should not exceed twenty percent (20%). (If ranges are established, the maximum allowable percentage variance should be applied to compare the two (2) highest rates to each other and the two (2) lowest rates to each other.) If adjacent neighborhoods located on opposite sides of a township or county boundary:

- (1) have the same classification and substantially similar characteristics; and
- (2) the variance between the neighborhood base lot value is greater than the maximum allowable percentage variance established by either township;

the proposed base lot values shall be reviewed and may be adjusted by the county property tax board of appeals under subsection (c). The township assessing officials shall participate in the public hearing and adjust the base lot values as directed by the county property tax board of appeals under subsection (f).

(b) For the purposes of this section, "substantially similar characteristics" refers to characteristics that are predominant in, and common to, each neighborhood, and in all material respects are substantially similar in terms of:

- (1) the size and shape of lots or tracts;
- (2) the age and style of improvements;
- (3) the condition and grade of improvements;
- (4) zoning;

- (5) the general use of improvements;
- (6) development conditions;
- (7) infrastructure components;
- (8) geographic features;
- (9) proximity to primary traffic routes;
- (10) governmental services; and
- (11) neighborhood desirability, as reflected by market values.

(c) Within sixty (60) days subsequent to the latest date for submission of proposed base rates and base lot values under 50 IAC 13-5-1(c) [section 1(c) of this rule], the county property tax board of appeals shall conduct a public hearing for the purpose of adjusting any base lot values that cause the maximum allowable percentage variance for a township to be exceeded. Each affected township assessor shall present evidence to support the base lot value established by that township assessor. The county property tax board of appeals shall review the evidence and shall make an equitable adjustment to one (1) or both of the affected base lot values so that the adjusted base lot values are within the maximum allowable percentage variance for both townships. The county property tax board of appeals shall submit the proposed values and related information, on the neighborhood valuation forms required by 50 IAC [this title], to the county property tax board of appeals of each adjacent county.

(d) Upon receipt of the proposed base lot values received under subsection (c), the county property tax board of appeals shall compare the base lot values of all adjacent neighborhoods located on a county boundary that have the same classification and substantially similar characteristics. If the maximum allowable percentage variance for a township is exceeded, the county property tax board of appeals in the county with the lower base lot value shall conduct a joint hearing with the county property tax board of appeals for the county having the higher base lot value. The joint hearing shall be held in the county having the lower base lot value. If, at the conclusion of a public hearing required under this subsection, the two (2) county property tax board of appeals fail to adjust the base lot values in a manner that bring both base lot values within the established maximum allowable percentage variance of each affected township, the lower base lot value shall be deemed adjusted to a rate equal to the highest of the subject base lot values. No hearing or adjustment shall be required under this subsection when the maximum allowable percentage variance is exceeded as a consequence of a base lot value adjustment necessitated by the prior application of this section.

(e) Public hearings required under subsections (c) and (d):

- (1) must be advertised in accordance with IC 5-3-1;
- (2) may not be continued more than one (1) time; and
- (3) may not be continued to a date more than thirty (30) days subsequent to the date of the initial public hearing.

Public hearings required under subsection (d) must be completed no less than six (6) months prior to the date that final determinations must be submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6. (*Department of Local Government Finance; 50 IAC 13-5-2; filed May 29, 1998, 11:59 a.m.: 21 IR 3696*)

## **Rule 6. Influence Factors**

### **50 IAC 13-6-1 Criteria**

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 1. In addition to the provisions of 50 IAC 2.2-4-12, the township assessor shall establish detailed criteria relating to influence factors that may be applied to individual parcels. The criteria relating to influence factors shall include:

- (1) criteria for identifying and determining the existence of unique features that are inconsistent with the norm for the neighborhood;
- (2) specific conditions that will be considered as evidence that a parcel deserves an influence factor;
- (3) a method for evaluating whether a particular condition actually influences the value of the parcel; and
- (4) any factors, criteria, or conditions relating to influence factors that are promulgated in a rule by the state board of tax commissioners.

The criteria relating to influence factors established under this rule must be included as part of the land value determination submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6(a) and presented at the public hearing held under IC 6-1.1-4-13.6(a). (*Department of Local Government Finance; 50 IAC 13-6-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3697*)

## LAND VALUATION

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